Message Text

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S E C R E T SECTION 01 OF 02 CAIRO 05454

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E.O. 11652: GDS TAGS: PEPR EG IS

SUBJECT: SADAT'S ACCOUNT OF HIS TALK WITH PERES

SUMMARY: SADAT HAD TWO-AND-A-HALF HOUR TALK WITH PERES IN SALZBURG EN ROUTE BACK TO EGYPT. TOLD PERES HE COULD NEVER ACCEPT EITHER ISRAELI SETTLEMENTS OR AERDROMES IN SINAI. EGYPT NEEDS ISRAELI TECHNICAL EXPERTISE AND JOINT VENTURES, BUT THESE COULD ONLY BE IN EGYPT PROPER. ANY SUCH ACTIVITIES IN SINAI WOULD BE VIEWED BY HIS PEOPLE AS AN IMPOSITION ON EGYPT'S SOVEREIGNTY. ALSO EMPHASIZED THAT HE HAS EVERY INTENTION KEEPING HIS PROMISE TO BEGIN RE EGYPTIAN MILITARY DEPLOYMENT IN SINAI AFTER PEACE, BUT NOT THE WAY BEGIN INTERPRETS IT. MOST OF DISCUSSION FOCUSSED ON WEST BANK/ GAZA, WHERE SADAT INDICATED HE WAS AGREEABLE TO TRANSITION ARRANGMENTS FOR SPECIFIED PERIOD OF TIME, INCLUDING ISRAELI MILITARY CANTONMENTS. SUBJECT HUSSEIN'S AND MODERATE PALESTINIAN CONCURRENCE, HE HAD AGREED TO PERES' SUGGESTION THAT EGYPT PARTICIPATE IN WORKING OUT WEST BANK ARRANGEMENTS. FOR WEST BANK SECURITY ARRANGEMENTS. HE HAD SUPPOSED SUBJECT SHOULD BE DISCUSSED BETWEEN HUSSEIN, MODERATE PALESTINIANS AND UN. WHEN PERES SUGGESTED DROPPING UN, SADAT SAID UN COULD ASSIST IN SECURITY SECRET

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ARRANGEMENTS, BUT EXPRESSED AGREEMENT TO LEAVING UN OUT. WHAT WAS NEEDED FIRST IS SATISFACTORY DECLARATION OF PRINCIPLES. ALSO CONFIRMED TO PERES WHAT HE HAD TOLD BEGIN OF EGYPT'S WILLINGNESS NORMALIZE RELATIONS AS PART OF PACKAGE DEAL. SADAT WAS PLEASED WITH THE TALK WITH PERES AND BELIEVES LATTER GENERALLY AGREES WITH HIS VIEWS. END SUMMARY.

- 1. DURING MY TALK WITH SADAT THIS MORNING (VP MUBARAK ALSO PRESENT), HE GAVE ME A LONG ACCOUNT OF HIS TALK WITH SHIMON PERES IN SALZBURG ON THE WAY BACK FROM THE UNITED STATES. MEETING HAD BEEN ARRANGED BY AUSTRIAN PRIMIN KRIESKY AND LASTED ALMOST TWO-AND-A-HALF HOURS. PERES, WHO SADAT SAID HAD BEEN HIGHLY RECOMMENDED TO HIM BY FRG CHANCELLOR SCHMIDT, HAD FIRST SOUGHT BEGIN'S CONCURRENCE FOR THE MEETING. ALTHOUGH SADAT SUSPECTS BEGIN DID NOT LIKE THE IDEA, THE ISRAELI PRIMIN HAD NO ALTERNATIVE BUT TO AGREE. SADAT THOUGHT THAT HE DETECTED "REPERCUSSIONS" OF HIS MEETING WITH PERES IN YESTERDAY'S ATTACKS BY PERES AND RABIN ON BEGIN'S FOREIGN POLICY.
- 2. SINAI SETTLEMENTS: ACCORDING TO SADAT, THE SINAI SETTLEMENTS HAD BEEN BRIEFLY DISCUSSED. HE HAD MADE CLEAR TO PERES HIS POLICY ON THIS MATTER. HE COULD NEVER ACCEPT EITHER ISRAELI SETTLEMENTS OR ISRAELI AERDROMES IN SINAI. THESE WOULD BE VIEWED BY HIS PEOPLE AS ISRAELI "IMPOSITIONS" ON EGYPTIAN SOVEREIGNTY.
- 3. ISRAELI INVESTMENT IN SINAI AND EGYPT: ASKED ABOUT JOINT EGYPTIAN/ISRAELI ACTIVITIES IN SINAI, HE SAID HE HAD TOLD PERES THAT HE WAS SORRY. SUCH JOINT VENTURES AS WELL AS ISRAELI TECHNICAL KNOW-HOW ARE NEEDED AND WELCOME IN ANY PART OF EGYPT AFTER PEACE SECRET

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SETTLEMENT, BUT NOT IN SINAI. HE WAS AWARE OF THE EXCELLENT JOB THE ISRAELIS HAVE DONE IN INCREASING PRODUCTION IN THE RAFAH AND LAKE BARDAWIL AREAS, BUT JOINT VENTURES IN THE SINAI ARE SIMPLY NOT POLITICALLY FEASIBLE. THEY TOO WOULD BE VIEWED BY HIS PEOPLE AS AN "IMPOSITION."

- 4. EGYPTIAN JEWS WHO MIGHT WISH TO RETURN: SADAT HAD TOLD PERES GOE IS WILLING TO TAKE BACK ANY EGYPTIAN JEWS WHO MIGHT WISH TO RETURN TO EGYPT. HE THOUGHT THERE MIGHT BE AS MANY AT 10,000 WHO MIGHT WANT TO DO SO.
- 5. EGYPTIAN MILITARY DEPLOYMENT IN SINAI: SADAT SAID HE HAD ALSO TOLD PERES ABOUT BEGIN'S "BLUNDERS" IN ALLEGING THAT HE, SADAT, HAD RENEGED ON PROMISES IN CONNECTION WITH EGYPTIAN MILITARY DEPLOYMENT IN SINAI AFTER PEACE. HE HAD INDEED TOLD BEGIN THAT EGYPTIAN STRIKING FORCES WOULD REMAIN BETWEEN THE PASSES AND THE SUEZ CANAL AND THAT HIS FORWARD FORCES WOULD BE IN A LIMITED ARMAMENTS ZONE. HE HAD STRESSED TO PERES HIS INTENTION TO KEEP THAT PROMISE, BUT NOT THE WAY BEGIN INTERPRETS IT.

6. WEST BANK/GAZA: THE BULK OF THE DISCUSSION, ACCORDING TO SADAT, HAD DEALT WITH THE WEST BANK AND GAZA. THIS AREA, SADAT NOTED, IS A GENUINE SOURCE OF SECURITY CONCERN FOR ISRAEL. IN RESPONSE PERES' QUERY RE FUTURE OF WEST BANK/GAZA, SADAT SAID THAT WHENEVER AGREEMENT IS REACHED ON ACCEPTABLE DECLARATION OF PRINCIPLES, IT SHOULD BE POSSIBLE TO WORK OUT SATISFACTORY INTERIM ARRANGEMENTS

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FOR WEST BANK AND GAZA. THIS TIME, HOWEVER, ISRAEL SHOULD NEGOTIATE DECLARATION OF PRINCIPLES IN A "GALLANT" WAY, I.E. MEANING NO "TREADING" ON EACH OTHERS' LAND AND SOVEREIGNTY, ISRAELI WITHDRAWAL FROM TERRITORIES OCCUPIED IN 1967 PROVIDED EVERY PARTY WILL SIT DOWN WITH ISRAEL AND DISCUSS SECURITY ISSUES, SPECIFYING WEST BANK, GAZA, SINAI AND GOLAN AS THE AREAS TO BE EVACUATED AND READINESS RESOLVE PALESTINIAN QUESTION IN ALL OF ITS ASPECTS.

7. SADAT SAID PERES HAD EXPRESSED HOPE THAT SADAT WILL JOIN WITH ISRAEL AND JORDAN IN WORKING OUT WEST BANK ARRANGEMENTS. SADAT HAD REPLIED THAT HE IS READY TO DO SO IN THE CASE OF GAZA, BUT THAT IF BOTH ISRAEL AND HUSSEIN WISH, HE WOULD ALSO BE PREPARED TO PARTICIPATE IN WORKING OUT WEST BANK ARRANGEMENTS. WHENEVER AGREEMENT IS REACHED FOR SELF-DETERMINATION IN THE WEST BANK/GAZA AFTER A CERTAIN PERIOD, WHATEVER ARRANGEMENTS ARE WORKED OUT FOR THE TRANSITION PERIOD, ARE SATISFACTORY TO HIM. HE SPECIFICALLY MENTIONED "SELF RULE" AS ONE SUCH ACCEPTABLE ARRANGEMENT IN TRANSITION PERIOD. HE WOULD THEN BE READY

TO SIGN A BILATERAL AGREEMENT AND WOULD NOT WAIT FOR ASSAD.

8. SADAT AND PERES HAD HAD A DETAILED DISCUSSION OF THE SECRET

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PALESTINIAN QUESTION. SADAT HAD TOLD PERES THAT HE AGREED WITH PRESIDENT CARTER'S ASWAN PROPOSAL, I.E. THAT DURING THE TRANSITION PERIOD ISRAEL CAN KEEP CANTONMENTS IN THE WEST BANK. BUT THERE SHOULD BE ISRAELI WITHDRAWAL. TRANSITION ARRANGEMENTS COULD BE WORKED OUT BETWEEN THE ISRAELIS, THE MODERATE PALESTINIANS, THE JORDANIANS AND SADAT IN A MANNER WHEREBY SECURITY IS ASSURED. PERES HAD SUGGESTED THAT THE UN BE DROPPED. SADAT SAID HE REPLIED THAT GOE WANTS ISRAEL TO WITHDRAW AND THINKS OF THE UN AS AN ORGANIZATION WHICH MIGHT ASSIST IN MAINTAIN-ING SECURITY. IT MADE NO DIFFERENCE TO HIM, HOWEVER, AND ARRANGEMENTS COULD BE WORKED OUT TO DROP THE UN. EGYPT AND ISRAEL CAN BOTH OCCUPY CERTAIN POINTS IN GAZA, AND. SIMILARLY, ISRAEL AND KING HUSSEIN CAN DO SO IN THE WEST BANK. HE HAD ALSO SUGGESTED PARTICIPATION BY A MODERATE PLO REPRESENTATIVE AND HAD MENTIONED KHALID AL-HASSAN BY NAME.

- 9. NATURE OF PEACE: HE HAD ALSO TOLD PERES OF HIS WILLINGNESS IN PRINCIPLE TO HAVE DIPLOMATIC RELATIONS, OPEN BORDERS, ETC.
- 10. ACCORDING TO SADAT, PERES GENERALLY AGREED WITH HIS VIEWS. (THIS WOULD NOT SEEM TO BE A CORRECT READING OF PERES' REACTION JUDGING FROM TEL AVIV 2295 WHICH I HAVE JUST SEEN.) AT END OF TALK, PERES HAD INDICATED DESIRE CONVEY SADAT'S VIEWS TO GOLDA MEIR. SADAT EXPRESSED NO OBJECTION. PERES HAD ALSO SAID HE WOULD HAVE TO REPORT TO BEGIN. SADAT SAYS HE REPLIED THAT THIS DEPENDED ENTIRELY UPON PERES, BUT IF THERE ARE LEAKS, AS IS ALWAYS THE CASE WITH WHATEVER IS TOLD TO BEGIN, PERES WOULD HAVE TO TAKE RESPONSIBILITY. EILTS

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EN ROUTE BACK TO EGYPT. TOLD PERES HE TAGS: PEPR, PDEV, EG, IS, (SADAT, ANWAR), (PERES, SHIMON) To: STATE TEL AVIV

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